

April 1966

INTERIM PRICE STANDARDS FOR PLANNING AND
EVALUATING WATER AND LAND RESOURCES

Interdepartmental Staff Committee
of the
WATER RESOURCES COUNCIL

Washington, D. C. 20250

WATER RESOURCES COUNCIL

WASHINGTON, D. C. 20005

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INTERIM PRICE STANDARDS FOR PLANNING AND EVALUATING WATER AND LAND RESOURCES

These interim price standards are to be used by member agencies of the Water Resources Council for planning and evaluating water and related land resource projects and for preparation of river basin plans. The interim price standards are supplemental to the "Policies, Standards, and Procedures in the Formulation, Evaluation, and Review of Plans for Use and Development of Water and Related Land Resources," issued on May 15, 1962, by the ad hoc Water Resources Council. For those investigations now under way, the agencies responsible should make a decision as to whether to use the new price standards or to continue with existing procedures. The report should clearly indicate which price standards have been used.

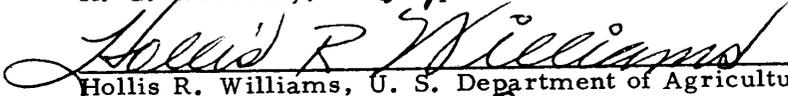
Interdepartmental Staff Committee,
Water Resources Council:



James J. Flannery, Department of Health, Education, and Welfare



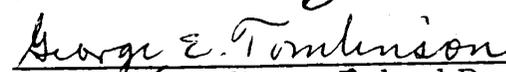
H. G. Woodbury, Jr., Department of the Army



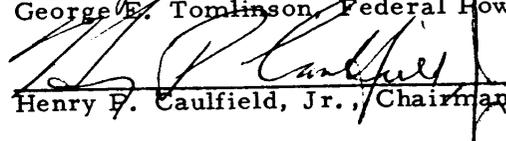
Hollis R. Williams, U. S. Department of Agriculture



James C. Rettie, U. S. Department of the Interior



George E. Tomlinson, Federal Power Commission



Henry F. Caulfield, Jr., Chairman and Executive Director,
Water Resources Council

Interim Price Standards For Planning And Evaluating
Water and Related Land Resources

A basic requirement for the preparation of comprehensive plans for the development and use of water and related land resources is that participating agencies utilize a consistent set of uniform economic standards and criteria in the appraisal of needs, in project and program evaluation and in comparisons with alternative means available for accomplishing project purposes.

Senate Document No. 97, "Policies, Standards and Procedures in the Formulation, Evaluation, and Review of Plans for Use and Development of Water and Related Land Resources," approved by the President on May 15, 1962, outlines in section V-G-3 the general policy and criteria applicable to price levels. It states that:

The prices used for project evaluation should reflect the exchange values expected to prevail at the time costs are incurred and benefits accrue. Estimates of initial project costs should be based on price relationships prevailing at the time of the analysis. Estimates of benefits and deferred costs should be made on the basis of projected normal price relationships expected with a stabilized general price level and under relatively full employment conditions for the economy. Pending development of mutually acceptable long-term price projections of this type, normalized current price relationships may be used in estimating deferred project effects. When benefits are measured in terms of the cost of an alternative, the prices should be those expected to prevail at the time such costs would have been incurred. Whenever project production is expected to influence prices significantly the use of a price about midway between those expected with and without the project may be justified to reflect the public values involved. Appropriate price adjustments should be made where there is a limited foreseeable need or demand for the products or services to be provided by the project.

The purpose of this statement is to establish a consistent set of interim normalized prices for use in evaluating deferred effects of water resource projects and programs pending the development of mutually acceptable long-term price projections. It is designed to specify price relationships considered applicable in accord with the provisions of S. D. 97 permitting the use of normalized current prices.

The U. S. prices here attached represent normalized current prices as adjusted where appropriate to minimize the influence of Government price support programs. Normalized current prices are defined as observed values for the last year of record derived from computations or graphic readings of mathematically fitted (nonlinear) long-term trend lines. The estimates may be considered "normalized" since the use of such trend lines removes abnormalities caused by weather and other short-term circumstances; while the estimates may be considered "current" since they are based on trend line readings for the most recent year for which data are available.

Where prices are steady or fluctuate around a uniform level, the current normalized price approximates the average prevailing during a recent period. Where price trends are significant, normalized current prices reflect the level of the most recent year covered.

The adjustments in normalized prices to reduce the influence of Government programs are intended to reduce or remove most direct price support effects or payments under such programs rather than the full effects of all production adjustment programs. For crops seriously in surplus, further constraints in the form of additional price adjustments or acreage limitations may need to be applied.

The attached tables presenting ratios of State to U. S. normalized current prices for the principal agricultural products provide a basis for computing adjusted State prices comparable to those for the U. S. Adjusted normalized State price estimates derived through applying State ratios to corresponding adjusted prices for the U. S. will thus maintain a pattern of State price spreads that is the same for adjusted as for normalized prices.

Localized price data should be developed by participating agency personnel within the framework of the State and national levels presented in this statement. Relationships between local and State or national levels for comparable periods should provide the primary base for localized estimates. Special consideration should be given situations where a shift from a deficit to a surplus production area is expected, or vice versa.

As specified in S. D. 97, whenever project production or river basin development is expected to influence prices significantly, the use of a price about midway between those expected with and without development may be justified to reflect the public values involved.

The adjusted and normalized current prices presented in this statement will be subject to periodic review and modification pending their replacement by long-term price projections. They should be applied by participating agencies to all projects and surveys initiated subsequent to issuance, and to the extent feasible to plans and surveys currently underway.

Attachments

United States: Indexes of prices received and paid by farmers
and current and adjusted normalized indexes

Item	Index of average U. S. prices (1910-14 = 100)							Current	Adjusted
	1955- 1964	1960- 1964	1960	1961	1962	1963	1964	normali- zed index	normali- zed index
Prices received									
All farm products	240	240	238	240	244	242	236	243	233
All crops	230	231	222	227	231	237	237	236	217
Livestock and live- stock products	248	248	253	251	255	245	235	248	247
Prices paid									
Prices paid for items used in production	263	269	265	266	270	273	271	272	272
Feed	202	200	194	196	198	207	206	202	197
Livestock	340	351	358	357	371	351	316	350	350
Motor supplies	172	175	175	176	174	175	174	175	175
Motor vehicles	413	434	420	417	433	447	454	450	450
Farm machinery	370	398	382	391	398	405	413	412	412
Building and fencing materials	384	390	393	391	390	389	388	390	390
Farm Supplies	263	265	262	265	265	266	267	266	266
Fertilizer	153	153	152	154	153	152	152	152	152
Seed	217	220	211	209	217	231	230	222	222
Wage rates	610	660	631	641	660	677	692	690	690

United States: Indexes of prices for construction cost items

Index	Base	Index of average U. S. prices for specified base							Current	Adjusted
		1955- 1964	1960- 1964	1960	1961	1962	1963	1964	normal- ized index	normal- ized index
Construction costs										
Composite index (U. S. Department of Commerce)	:1957-59 = 100:	102	107	104	104	106	109	112	111	111
ENR construction cost index	:1913 = 100	801	876	824	847	872	901	936	935	935
Wholesale lumber prices (U. S. Department of Labor)	:1957-59 = 100:	99.8	98.1	99.8	94.7	96.5	98.9	100.7	100	100

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State price data: Ratio of State to U. S. current normalized prices
received by farmers for principal crops

State	State/U. S. price ratios										
	Wheat	Rye	Rice	Corn	Oats	Barley	Sorghums	Hay	Dry beans	Sugar beets	Sugar-cane
Maine	---	---	---	---	1.13	---	---	1.19	---	---	---
New Hampshire	---	---	---	---	---	---	---	1.46	---	---	---
Vermont	---	---	---	1.44	1.53	---	---	1.34	---	---	---
Massachusetts	---	---	---	1.44	---	---	---	1.72	---	---	---
Rhode Island	---	---	---	---	---	---	---	1.77	---	---	---
Connecticut	---	---	---	1.44	---	---	---	1.81	---	---	---
New York	.98	1.08	---	1.20	1.21	1.10	---	1.10	1.05	---	---
New Jersey	.98	1.13	---	1.25	1.21	1.16	---	1.58	---	---	---
Pennsylvania	.92	1.13	---	1.20	1.21	1.10	---	1.31	---	---	---
Delaware	.95	1.24	---	1.20	1.13	1.05	---	1.38	---	---	---
Maryland	.92	1.24	---	1.20	1.13	1.05	---	1.46	---	---	---
Michigan	.95	1.02	---	1.01	.97	.93	---	.96	.86	.95	---
Wisconsin	.95	1.08	---	1.01	1.05	1.10	---	.86	---	---	---
Minnesota	1.09	1.02	---	.91	.89	.93	---	.81	---	.95	---
Ohio	.95	1.02	---	.96	1.05	.93	---	1.10	---	.91	---
Indiana	.95	1.13	---	.96	.97	.87	.94	1.00	---	---	---
Illinois	.98	1.03	---	1.01	.97	.87	1.00	1.00	---	---	---
Iowa	.98	1.02	---	.96	.97	.87	1.00	.81	---	---	---
Missouri	.95	1.02	.98	1.06	1.05	.99	1.06	.96	---	---	---
North Dakota	1.09	.91	---	.96	.81	.87	---	.72	---	.95	---
South Dakota	1.06	.91	---	.91	.89	.87	.89	.76	---	1.04	---
Nebraska	.98	.86	---	1.01	.97	.87	.94	.81	.86	1.04	---
Kansas	1.01	.86	---	.96	1.05	.87	.94	.91	---	.95	---
Virginia	.98	1.56	---	1.20	1.21	1.10	1.17	1.53	---	---	---
West Virginia	.98	---	---	1.30	1.29	1.22	---	1.34	---	---	---
North Carolina	.98	1.77	---	1.15	1.21	1.10	1.22	1.48	---	---	---
Kentucky	.95	1.29	---	1.06	1.21	.99	1.11	1.15	---	---	---
Tennessee	.95	1.40	---	1.11	1.29	1.05	1.17	1.24	---	---	---
South Carolina	.98	1.88	---	1.20	1.21	1.10	1.28	1.53	---	---	---
Georgia	.98	1.99	---	1.15	1.29	1.16	1.28	1.29	---	---	---
Florida	.98	---	---	1.11	1.45	---	---	1.53	---	---	1.09
Alabama	.98	---	---	1.11	1.29	---	1.17	1.29	---	---	---
Mississippi	.98	---	1.04	1.15	1.13	---	1.17	1.12	---	---	---
Arkansas	.98	---	1.00	1.11	1.13	.99	1.17	1.07	---	---	---
Louisiana	.98	---	1.00	1.15	1.21	---	1.17	1.12	---	---	.96
Oklahoma	1.01	.97	---	1.06	1.05	.93	1.00	1.03	---	---	---
Texas	1.01	.97	1.02	1.11	1.13	.99	1.00	1.10	---	---	---
Montana	.98	.75	---	1.15	.89	.81	---	1.00	.86	1.04	---
Idaho	.95	1.08	---	1.25	1.05	1.05	---	.96	1.00	1.00	---
Wyoming	.95	.81	---	1.06	1.05	1.05	---	1.00	.90	1.04	---
Colorado	.95	.86	---	1.11	1.13	.99	1.00	1.07	.89	1.04	---
New Mexico	.98	---	---	1.35	1.29	1.10	1.06	1.19	.95	---	---
Arizona	1.01	---	---	1.44	1.53	1.34	1.28	1.19	---	---	---
Utah	.95	---	---	1.49	1.13	1.16	---	1.05	.90	1.04	---
Nevada	.98	---	---	---	1.37	1.34	---	1.12	---	---	---
Washington	1.01	1.13	---	1.25	1.13	1.05	---	1.05	1.12	1.00	---
Oregon	1.03	1.18	---	1.35	1.13	1.16	---	1.07	---	1.00	---
California	1.03	---	.96	1.35	1.21	1.22	1.28	1.10	1.41	1.00	---

State price data: Ratio of State to U. S. current normalized prices
received by farmers for principal crops - continued

State	State/U. S. price ratios										
	Cotton- lint	Tobacco	Cotton- seed	Soy- beans	Pea- nuts	Flax- seed	Apples	Oranges	Grape- fruit	Pota- toes	Sweet- potatoes
Maine	---	---	---	---	---	---	1.22	---	---	.75	---
New Hampshire	---	---	---	---	---	---	1.17	---	---	1.31	---
Vermont	---	---	---	---	---	---	1.22	---	---	1.47	---
Massachusetts	---	2.66	---	---	---	---	1.20	---	---	1.34	---
Rhode Island	---	---	---	---	---	---	1.22	---	---	1.31	---
Connecticut	---	2.98	---	---	---	---	1.22	---	---	1.44	---
New York	---	---	---	.92	---	---	.88	---	---	1.09	---
New Jersey	---	---	---	.99	---	---	1.09	---	---	1.19	.92
Pennsylvania	---	.42	---	.96	---	---	.78	---	---	1.31	---
Delaware	---	---	---	1.01	---	---	1.15	---	---	1.12	---
Maryland	---	1.00	---	1.01	---	---	1.12	---	---	1.06	.79
Michigan	---	---	---	.99	---	---	.88	---	---	1.16	---
Wisconsin	---	.48	---	.94	---	.97	.94	---	---	1.31	---
Minnesota	---	---	---	.99	---	1.02	1.43	---	---	.78	---
Ohio	---	.84	---	1.01	---	---	1.09	---	---	1.28	---
Indiana	---	1.00	---	1.01	---	---	1.09	---	---	1.19	---
Illinois	---	---	---	1.03	---	---	1.17	---	---	1.75	---
Iowa	---	---	---	.99	---	1.02	1.28	---	---	1.09	---
Missouri	1.00	1.00	.94	.99	---	---	1.09	---	---	1.50	1.05
North Dakota	---	---	---	.94	---	.99	---	---	---	.62	---
South Dakota	---	---	---	.94	---	1.00	---	---	---	.88	---
Nebraska	---	---	---	.94	---	---	---	---	---	.81	---
Kansas	---	---	---	.94	---	---	1.12	---	---	1.50	1.03
Virginia	---	.97	---	1.01	1.10	---	.94	---	---	1.12	.68
West Virginia	---	1.00	---	---	---	---	.96	---	---	1.75	---
North Carolina	1.00	1.00	.92	.99	1.10	---	1.07	---	---	1.41	1.08
Kentucky	---	1.00	---	.99	---	---	1.25	---	---	1.50	1.13
Tennessee	1.03	.95	.98	.99	---	---	1.04	---	---	1.88	1.08
South Carolina	1.03	1.02	.92	1.01	1.10	---	---	---	---	1.69	1.13
Georgia	1.03	.97	.92	.99	1.00	---	---	---	---	1.66	1.37
Florida	---	1.40	---	.96	1.00	---	---	.94	1.01	1.69	1.50
Alabama	1.03	.89	.90	.99	1.00	---	---	---	---	1.56	1.18
Mississippi	1.03	---	1.02	1.01	2.00	---	---	---	---	1.88	1.24
Arkansas	1.03	---	.98	1.01	---	---	.99	---	---	1.88	1.16
Louisiana	1.00	1.13	.96	.94	---	---	---	---	---	1.50	.66
Oklahoma	.91	---	.98	.92	1.00	---	---	---	---	1.88	1.29
Texas	.94	---	1.00	.92	1.00	.99	---	.66	.94	1.69	1.16
Montana	---	---	---	---	---	.86	1.56	---	---	1.50	---
Idaho	---	---	---	---	---	---	1.22	---	---	.84	---
Wyoming	---	---	---	---	---	---	---	---	---	.81	---
Colorado	---	---	---	---	---	---	1.20	---	---	.88	---
New Mexico	1.06	---	1.06	---	1.20	---	1.12	---	---	1.50	1.24
Arizona	1.03	---	1.04	---	---	---	---	1.34	.74	1.69	---
Utah	---	---	---	---	---	---	1.04	---	---	1.00	---
Nevada	---	---	---	---	---	---	---	---	---	1.00	---
Washington	---	---	---	---	---	---	1.20	---	---	.72	---
Oregon	---	---	---	---	---	---	.83	---	---	.94	---
California	1.03	---	1.04	---	---	1.09	.81	1.20	1.24	1.25	2.10

State price data: Ratio of State to U. S. prices received by farmers
for livestock and livestock products

State	State/U. S. price ratios										
	Cattle	Calves	Sheep	Lambs	Hogs	Milk	Butter- fat	Commer- cial broilers	Turkeys	Eggs	Wool
Maine	.66	.88	.96	1.01	.99	1.32	---	1.15	1.27	1.41	1.22
New Hampshire	.66	.80	.96	.99	.99	1.37	---	1.08	1.23	1.32	1.11
Vermont	.63	.78	.96	.92	.99	1.16	---	1.12	1.27	1.24	1.13
Massachusetts	.68	.82	.88	.95	1.02	1.53	---	1.08	1.36	1.38	1.13
Rhode Island	.68	.82	.88	1.01	1.02	1.50	---	1.08	1.41	1.38	1.17
Connecticut	.71	.84	.88	1.01	1.05	1.47	---	1.08	1.41	1.35	1.13
New York	.73	.92	.96	1.01	1.02	1.05	.83	1.26	1.36	1.09	1.09
New Jersey	.73	.94	1.05	1.03	1.05	1.31	---	1.61	1.23	1.09	1.11
Pennsylvania	.85	1.08	.96	1.03	1.09	1.14	.92	1.15	1.27	1.06	1.09
Delaware	.80	1.08	.88	1.03	1.09	1.14	---	1.08	1.09	1.38	1.06
Maryland	.85	1.10	.88	1.06	1.09	1.16	.83	1.08	1.09	1.12	1.06
Michigan	.85	1.00	1.05	1.01	1.02	.97	1.00	1.22	1.00	.91	1.06
Wisconsin	.76	.96	.70	.95	.99	.82	1.08	1.08	1.00	.85	1.06
Minnesota	.95	1.00	.96	1.01	.99	.77	1.08	1.12	1.00	.74	1.02
Ohio	.95	1.08	.96	1.01	1.02	1.00	.83	1.05	1.00	.94	1.02
Indiana	1.05	1.02	.88	1.01	1.02	.96	.86	1.05	1.00	.88	1.00
Illinois	1.07	.98	.88	.98	1.02	.91	.88	1.01	1.00	.82	1.00
Iowa	1.10	.96	.88	1.01	.99	.78	1.07	1.01	1.00	.76	.98
Missouri	1.05	.98	.79	1.01	.99	.89	.85	.98	.91	.82	.98
North Dakota	.98	1.04	.88	.92	.95	.61	1.05	---	.96	.68	1.00
South Dakota	1.02	1.08	.79	.98	.95	.71	1.03	---	1.00	.71	1.02
Nebraska	1.10	1.10	.88	1.03	.99	.71	1.00	1.08	.96	.74	.96
Kansas	1.00	.98	.88	1.01	.99	.91	.95	1.05	.91	.74	.85
Virginia	.83	1.10	.96	1.18	1.02	1.17	.78	1.05	1.00	1.15	1.24
West Virginia	.80	1.02	.79	1.01	1.02	1.15	.73	1.05	1.00	1.15	1.20
North Carolina	.80	1.02	.88	1.06	1.02	1.38	---	.94	1.00	1.15	1.20
Kentucky	.93	1.08	.96	1.06	1.02	.96	.81	.98	.96	.97	1.11
Tennessee	.88	.98	.96	1.01	.99	1.02	.80	.94	1.04	1.06	1.11
South Carolina	.83	.94	.88	.98	1.02	1.42	---	.98	1.00	1.18	1.13
Georgia	.83	.94	.88	1.01	1.02	1.51	---	.94	1.00	1.26	.98
Florida	.93	.88	.88	.92	.99	1.64	---	.98	1.18	1.06	.83
Alabama	.90	.92	.96	.98	.99	1.40	---	.94	1.00	1.21	1.06
Mississippi	.83	.92	.96	.98	.95	1.18	---	.94	1.00	1.18	1.02
Arkansas	.88	.94	.96	.89	.99	1.07	.83	.94	.96	1.12	.96
Louisiana	.80	.96	1.05	.84	.95	1.40	---	.98	1.04	1.18	.98
Oklahoma	.95	1.00	1.05	.98	.99	1.04	.90	.98	.91	.88	.85
Texas	.90	.96	1.32	.84	.99	1.25	.83	.98	.96	1.00	1.02
Montana	1.02	1.12	.96	.92	.99	.94	1.02	---	1.00	1.03	1.01
Idaho	.98	1.02	.88	.98	1.02	.83	.98	1.22	1.00	.94	1.00
Wyoming	1.05	1.14	.88	.98	1.02	.96	1.02	---	1.04	1.15	.98
Colorado	1.05	1.14	.96	1.06	1.05	1.12	.97	1.22	1.04	.97	.98
New Mexico	1.02	1.06	.96	.87	.99	1.28	---	---	.96	1.03	.94
Arizona	1.10	1.02	1.05	1.01	1.05	1.29	---	1.26	1.09	1.12	.80
Utah	.90	1.00	.88	.98	1.02	1.01	.92	1.19	.96	.97	.98
Nevada	.93	1.02	.88	.98	1.02	1.21	1.07	---	---	1.12	.94
Washington	.93	1.02	.79	.95	1.09	1.07	.95	1.19	.96	1.00	.98
Oregon	.93	1.00	.79	.95	1.09	1.08	1.02	1.15	1.00	1.09	1.04
California	1.10	1.02	.79	1.03	1.12	1.16	1.05	1.15	.96	.94	1.00

UNITED STATES DEPARTMENT OF AGRICULTURE
Soil Conservation Service
Washington, D. C. 20250

August 19, 1966

Advisory WS-22

From: John H. Wetzel, Assistant Deputy Administrator,
Watershed Planning, SCS, Washington, D. C. 20250

Re : Additional Interim Price Standards

This Advisory transmits some additional adjusted normalized U. S. prices for use in watershed planning and river basin investigations. These prices are for some crops and other commodities that were not included in the "Interim Price Standards for Planning and Evaluating Water and Related Land Resources," attached to Advisory WS-13, dated May 11, 1966.

Before using, a ratio of State to U. S. current normalized price for each item must be prepared by tabulating, by States, seasonal average price data for the same years as shown on the attachment. All of the necessary data, by States, can usually be obtained from "AGRICULTURAL STATISTICS".

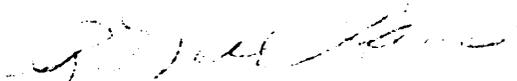
Either the 5- or 10-year State average can be used to determine the ratio. For example, suppose that the 5-year State average for snap beans is determined to be \$9.15 per cwt. The attachment shows that the U. S. 5-year average is \$9.23. The ratio then becomes ($\$9.15 \div \9.23) .99. This ratio multiplied by the U. S. adjusted normalized price of \$9.28, gives an adjusted normalized State price of \$9.19.-

The E&WP Unit Economists will provide assistance, upon request, in developing the State ratios and the 5- or 10-year average price for each commodity that will be needed in your State.

The attachment should be inserted in the Economics Guide.

Attachment

STC
EWP
WD (without attachment)


Acting